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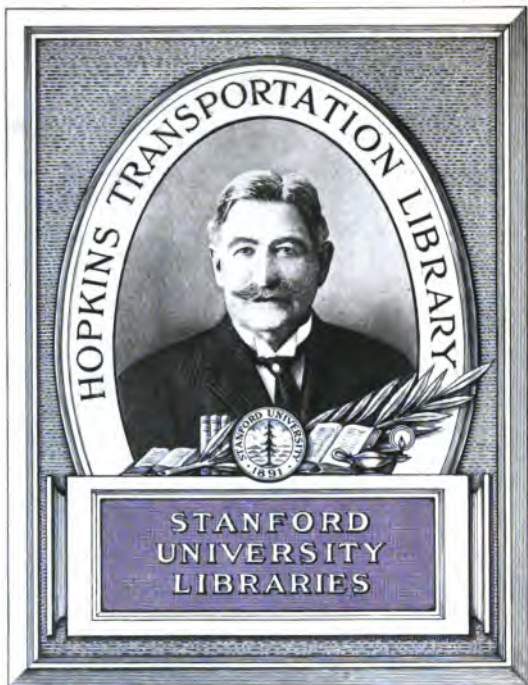


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Historical report of the management and
financial condition of the Sutter Street
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Mrs. Walter P. Austin

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HISTORICAL REPORT
OF THE
MANAGEMENT AND FINANCIAL CONDITION

OF THE
Sutter Street Rail Road Company,

FROM
SEPTEMBER 22, 1865, TO JUNE 10, 1872,

BY
H. CASEBOLT,

PRESIDENT ;

*And ordered printed by resolution, passed at annual meeting,
June 10, 1872.*

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REPORT.

SAN FRANCISCO, June 10th, 1872.

*To the Stockholders of the Sutter Street Rail Road
Company :*

GENTLEMEN—

It is usual, I believe, at our annual meeting to have from the Secretary and President a report for the past year.

You have heard the Secretary's report, now if you will have a little more patience you can have a report from me ; and as I have been, you may say, the beginning, and thus far the ending, I should like to go back a little further with my report, as this enterprise carries with it quite a history which may be of interest, at least to some of you who have not kept the run, and therefore are not familiar with its management.

On the 22d of September, 1865, at the crossing of Sutter and Sansome Streets, the first cobble was torn up to give place to the construction of the Sutter

Street Rail Road, from which point I took the contract to build to the crossing of Leavenworth and Sutter Streets, with double track ; from thence to the crossing of Broadway and Polk Streets, single track, with turnouts, together with six cars, stables, car house, etc., for the sum of sixty thousand and five hundred (60,500.00) dollars.

The company afterward concluded to have it all double track, for which they agreed to pay me twelve thousand (12,000.00) dollars additional, making in all seventy two thousand five hundred (72,500.00) dollars a part of which amount I was to take in capital stock of the company, at \$20.00 per share, "full paid" as they called it, and not liable to assessment.

On a settlement with the company, a balance stood to my credit of thirty one thousand five hundred (31,500.00) dollars, and no money in the treasury.

To secure payment of the same, I took a mortgage on the road to run one year ; but soon came to the conclusion that except the road be stocked, and put in full operation by some one, it would not sell for enough to pay the mortgage.

I then determined to get enough stock taken at \$20.00 per share to stock and run it, but could find no one willing to invest.

The only chance then, was to do it myself at the sacrifice of all my other business. I took twenty-five unbroken colts which the company had bought, to be paid for partly in stock of the company and balance in cash. I paid the cash balance, broke the colts, put

them to the cars, placed them on the track, and set the wheels rolling on May 1st, 1866.

The first day's gross receipts was about \$50, now the average is about \$350 per day.

I soon found however, to try to do anything with six cars and green horses, was a waste of time and subject to accidents. I then struck out to the country and gathered up a lot of old well broken horses, ordered three more cars, and rolled on at a heavy loss, feeling at times as though I must give it up or go under.

By and by the population began to increase rapidly along the line, and the enterprise began to look more encouraging.

There was an omnibus line running from the City Hall to Fort Point which took all that travel.

I held out to the proprietor all the inducements possible to run his busses and connect with us at the terminus of our road ; but finding no agreement could be made, I then determined to put on a 'bus line myself in opposition, to connect with the cars, and run him off, which I did very soon.

Then the increase of travel called for more cars and more horses.

The running expenses still overlapped the receipts so far, that I found something more must be done.

As Sansome street was a poor starting point, and as we could reach the city front by purchasing an interest in the Battery street track, from the North Beach and

Mission Rail Road Company, for which they wanted ten thousand (10,000) dollars, I turned out and got stock taken sufficient to make the purchase, by taking a large portion myself.

On the consummation of this, I commenced to build two blocks of track on Broadway street, from Battery to Davis streets.

Here the "Central Rail Road Company" interfered, claiming that we had no right to the city front as they had possession of it.

They arrested our men and kept us in court some fifteen days. However, we beat them and made the city front our terminus, whereby the receipts soon sprang up over the expenses, whereupon it soon became known that the Sutter Street Rail Road was about to prove a success, which excited scheming office seekers, and some changes were soon made in the Board of Directors by resignation before the annual meeting.

Now, the additional rolling stock, horses, harness and first years running, together with the omnibus line to Fort Point, the extension of the road to the city front, had accumulated a floating debt of \$12,300.

By this time the mortgage was about due; then the designing schemers moved to pay this off by issuing a "preferred" stock, with a preference of $\frac{1}{2}$ of one per cent. over that already issued, in order to induce people to take it, so as to pay off this mortgage.

The prospects of the road's success and preference over the old issue caused the stock to be taken and the mortgage paid.

The next proposition of the schemers was, (as the annual meeting was just at hand), to elect their own Board, and pay me the floating debt in "Greenbacks," when they were worth only about 60 cents on the dollar.

This I found out by their obtaining proxies. I went to work and where I could not obtain the proxy I bought the stock. But at the election I found they would beat me, and moved to get an adjournment for one week. During this time I bought stock sufficient to control the election, whereby I received the \$42,300 which I had paid out in gold returned me in like coin.

But this movement compelled me to become a large owner in the road, whereby I confess I have lost more money than I should have done had I taken the "Greenbacks," as the books will show my loss on the stock investment, of interest alone to be about \$45,000, aside from direct losses which are still more.

Now, the result: I won the election, but the hue and cry was so great that I handed in my resignation as Superintendent of the road, determined to let them run it for one year and take the chances.

Eight months passed away, the Directors found the road running at a fearful loss and urged the necessity of my taking the management again. Having so large an interest I concluded to do so.

During those eight months they run the road behind over \$15,000.00. The cars and road were going to destruction for the want of attention. I took it again, and soon ran so as to pay dividends on the so-called "preferred" stock, by letting the debt stand at interest.

ADDITIONAL SUPERSTRUCTURE.

We had a franchise to the ocean, by way of Pacific street. The property owners along said street, and adjacent thereto, subscribed to pay about \$6,000.00 towards constructing that branch as far as Fillmore street.

We thought best, as the franchise would soon expire, to take their subscription and secure that much while we could get help; but, as yet, we have not been able to collect more than about one-half the subscription.

About the same time, it was found that we could secure from another company, a franchise connecting with our road at the crossing of Broadway and Polk streets, leading to or near Fort Point; and, by constructing it at that time, could get a subsidy of one-half the cost of construction, which amounted to about \$17,000.00, all of which was paid, except some \$1,600.00. Larkin-street branch we did not wish to lose, as the new City Hall would make it of great value to the company.

We tried to get the franchise renewed, but found the enormous expense would reach the sum of \$3,000,

which would largely contribute towards building the road, and we determined it should be so applied, notwithstanding the franchise had only seventeen days longer to run.

In less than seventeen days we had cars running through to Mission street, which secured the same.

Next was the Lone Mountain Branch: We had always thought it advisable to work our way as fast as possible towards the ocean; and as the franchise on Pacific street had expired, and we could obtain another, through the property owners, together with \$10,000 donation towards the construction to Lone Mountain, it was concluded to accept it. About £8,050 of this amount has been collected, the balance sued for.

Next, the depot question: We found it very inconvenient for change of horses, and conductors turning in their receipts, to have the depot on Broadway street, as the branches all concentrated near Bush and Polk streets. Furthermore, we found the old depot the wrong place to start a bad horse, the first pull being uphill. Here we can start, either up or down; but the main excuse for this purchase was, that our business grew so rapidly that we were compelled to have more room. In place of twelve cars, as we had the first year, we now have thirty; in place of seventy horses we have one hundred and seventy-two; therefore, we found three fifty-varas, in place of one, was quite small enough.

Moreover, this site was so well located for our business, that we looked upon it not only as a necessity,

but as a profitable purchase, which now pays over \$300 per month in rents, aside from all we want for our own use.

The assets of our company consist of the following property, to wit :

The three fifty-varas, bounded by Bush, Polk, Austin and Larkin streets; about fifteen miles of road, supposing it to be all single track, commencing at the corner of Broadway and Davis streets, along Broadway to Battery, Battery to Market, Market to Sutter, Sutter to Polk, Polk to Filbert, Filbert to Harbor View; from crossing of Pacific and Polk, on Pacific, to Fillmore street; from crossing of Bush and Polk, along Bush to Fillmore, Fillmore to California, California to Cemetery avenue, Cemetery avenue to Point Lobos road; from crossing of Sutter and Larkin streets, along Larkin to Market, Market to Ninth, Ninth to Mission.

ROLLING STOCK.

Thirty (30) cars, one hundred and seventy-two horses, harness, &c.

House and lot, southwest corner Broadway and Polk streets, and the fifty-vara lot southeast corner Broadway and Polk streets, with portion of the old depot thereon.

Now, the improvements on the new site :

First—we graded the whole three fifty-vara lots down about two feet; sank an artesian well one hundred and eighty-three feet deep, supplied it with pump, wind-

mill, horse-power, and a 10,000 gallon tank, which gives us an abundant supply of water, and a saving of about \$100 per month.

BUILDINGS.

We moved as much of the old depot buildings as could be worked in to advantage, the balance added new.

Our stables are not expensive, but good, roomy and well ventilated.

Our smith shop is cheap, but will answer the purpose; our car house is good and substantial, but hardly of sufficient capacity to accommodate thirty cars; one-half of the second story we use as a repair shop, the other we let as a public hall. Our office is not expensive, but in keeping with the other improvements. Our tenement houses, sixteen in number, and a hotel, are not expensive, but comfortable, and well adapted for the employees of the road.

These improvements occupy all the block, less a corral and the northeast corner Bush and Polk streets, and the northwest corner of Bush and Larkin streets.

The whole enterprise, together with six years' running, cost about \$385,000, less \$29,036.80 paid in dividends; and, as near as I can estimate it, about \$12,000 was wasted before I became connected with or contracted to lay the first rail.

After the completion of the whole, it left a debt of some \$185,000.

Now, the next move was to get rid of the so-called unassessable and preferred stock, to make it all one in the market.

We were told by counsel, the only way was to sell the road under the hammer, to pay the debt, then issue the stock back, in a new form, to the original holders, who would allow themselves to be assessed *pro rata* according to the number of shares they held, to pay off the debt, and those who would not be willing to pay the assessment, issue their stock to those who would. When the time came for this action we turned the books over to our attorneys, who, after a careful examination, saw that this stock, so-called "full paid," "preferred," &c., was illegal, and it was only necessary to assess the whole capital stock, pay off the debt, and move along regardless of opposition.

I immediately followed the instructions of our attorneys.

Now, you see we are out of debt, the stock all one in the market, and we are rolling along, paying twenty cents per month on each share of the whole capital stock.

The first issue had been sold as low as \$2.50 per share, since that time it has been sold for \$31 per share.

We doubt if you could, to-day, find one hundred shares at \$35.

Last year, however, was one of the hardest for us that we have had since the road started. The heavy interest we had to pay, the high price of provender,

the damage to our new branches by storms, etc., ran us behind about \$9,000. This, together with the whole amount of indebtedness, was liquidated by assessments.

Now, with no interest to pay, and the prospect for good crops, the large increase of travel since the winter months, I think we may be able to continue our dividends, and advance on the rate thereof.

Since paying off the debt we have made the following improvements:

Extended the terminus of the Polk street branch to the corner of Polk and Filbert streets, four (4) blocks, whereby we are now able to accommodate the people on the whole western slope of Russian Hill, and shorten up the time on the Fort Point branch.

For a station, we moved a portion of the old depot building, fitted it up, which is now rented for a large interest on the investment.

The old depot, windmill, tanks and pump, we moved over a well, corner of Fillmore and Sacramento streets, for the purpose of sprinkling the Lone Mountain track, whereby we make a saving of about \$75 per month.

I claim no special merit, but, in conclusion, would say, that I have carried through the enterprise successfully, thereby made many friends, and, perhaps, some enemies, but rejoice that my enemies are only those property owners along the line of branch roads who pledged their subscriptions towards building the

road, and after completion refused to pay, whereupon we are enforcing the collection.

I have confined myself to facts in brief, all of which by referring to the company's books will be shown.

I can only add, that all my previous confidence in the ultimate success of the enterprise is about to be realized, as will be apparent to any one visiting the Western Addition, and observing the increased building of all kinds of houses, including the finest that San Francisco can boast of.

Therefore, whether I longer remain in the directory of its prosperity or not, I will be no less confident of its ultimate success.

Thanking you gentlemen for your kind attention, I remain

Yours respectfully,

H. CASEBOLT,

President.

